

**Effective 5/13/2014**

**7-9-39 Voluntary merger.**

- (1) A credit union may merge with another credit union under the existing charter of the other credit union when all of the following have occurred:
  - (a) the majority of the directors of each merging credit union votes in favor of the merger plan;
  - (b) the commissioner approves the merger plan;
  - (c) subject to Subsection (7):
    - (i) the majority of the members of each merging credit union present at a meeting called for the purpose of considering the merger plan votes to approve the merger plan; or
    - (ii) the majority of the members of each merging credit union votes to approve the merger plan by means of United States Postal Service mail; and
  - (d)
    - (i) the National Credit Union Administration or its successor federal deposit insurance agency approves the merger plan and commits to insure deposits of the surviving credit union; or
    - (ii) the commissioner approves the surviving credit union to operate without federal deposit insurance in accordance with Section 7-9-45.
- (2) Upon merger, the chair of the board and secretary of each credit union shall execute, and file with the department, a certificate of merger setting forth:
  - (a) the time and place of the meeting of the board of directors at which the plan was approved;
  - (b) the vote by which the directors approved the plan;
  - (c) a copy of the resolution or other action by which the plan was approved;
  - (d) the time and place of the meeting of the members at which the plan was approved;
  - (e) the vote by which the members approved the plan; and
  - (f) the effective date of the merger, which shall be:
    - (i) the date on which the last approval or vote required under Subsection (1) was obtained; or
    - (ii) a later date specified in the merger plan.
- (3) On the effective date of a merger:
  - (a) the property, property rights, and interests of the merged credit union shall vest in the surviving credit union without deed, endorsement, or other instrument of transfer; and
  - (b) the debts, obligations, and liabilities of the merged credit union are considered to have been assumed by the surviving credit union.
- (4) Except as provided in Subsection (5)(b), if the surviving credit union is chartered under this chapter, the residents of a county in the field of membership of the merging credit union may not be added to the field of membership of the surviving credit union, except that the surviving credit union:
  - (a) may admit as a member any member of the merging credit union that is not in the field of membership of the surviving credit union if the member of the merging credit union was a member of that credit union at the time of merger; and
  - (b) may service any member-business loan of the merging credit union until the member-business loan is paid in full.
- (5)
  - (a) This section shall be interpreted, whenever possible, to permit a credit union chartered under this chapter to merge with a credit union chartered under any other law if the preservation of membership interest is concerned.
  - (b) The commissioner may under Subsection (1)(b) approve a merger plan that includes the addition of the residents of a county in the field of membership of the merging credit union to the field of membership of the surviving credit union if the commissioner finds that:

- (i) the expansion of the field of membership of the surviving credit union is necessary for that credit union's safety and soundness; and
  - (ii) the expanded field of membership of the surviving credit union meets the criteria stated in Subsection 7-9-52(3)(c).
- (6) If the commissioner approves a merger plan under Subsection (5)(b) under which the surviving credit union's field of membership after the merger will include residents of more than one county, Subsections (6)(a) through (e) apply to the surviving credit union.
  - (a) The domicile-county of the surviving credit union is:
    - (i) if the credit union does not have a field of membership under Subsection 7-9-53(2)(c), the county in which the credit union has located the greatest number of branches as of the date the merger is effective; or
    - (ii) if the credit union has a field of membership under Subsection 7-9-53(2)(c), the county that is the domicile-county of the surviving credit union under Section 7-9-53;
  - (b) Within the surviving credit union's domicile-county, the surviving credit union may establish, relocate, or otherwise change the physical location of the credit union's:
    - (i) main office; or
    - (ii) branch.
  - (c) Within a county other than the domicile-county that is in the field of membership of the surviving credit union after the merger, the surviving credit union may not:
    - (i) establish a main office or branch if the main office or branch was not located in the county as of the date that the merger is effective;
    - (ii) participate in a service center in which it does not participate as of the date that the merger is effective; or
    - (iii) relocate the surviving credit union's main office or a branch located in the county as of the date that the merger is effective unless the commissioner finds that the main office or branch is being relocated within a three-mile radius of the original location of the main office or branch.
  - (d) After the merger, the surviving credit union may admit as a member:
    - (i) a person in the surviving credit union's field of membership after the date that the merger is effective; or
    - (ii) a person belonging to an association that:
      - (A) is added to the field of membership of the credit union; and
      - (B) resides in the domicile-county of the surviving credit union, as defined in Section 7-9-53.
  - (e) In addition to any requirement under this Subsection (6), a surviving credit union shall comply with any requirement under this title for the establishment, relocation, or change in the physical location of a main office or branch of a credit union.
- (7) A vote of the membership of the surviving credit union is not required under Subsection (1)
  - (c) if its board of directors determines that the merger will not have a significant effect on the organization, membership, or financial condition of the credit union.

Amended by Chapter 97, 2014 General Session